

# Neighborhood Planning for Community Revitalization

Implementation Study of the  
Stevens Square-Loring Heights  
Common Social Services Plan

by David Bosser

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## Executive Summary

The Stevens Square-Loring Heights neighborhood adopted the following goal in its Neighborhood Revitalization Program Action Plan: "Increase the economic and social stability of the neighborhood." The community decided to develop a Common Social Service Plan to "enhance the economic security for the least well-off residents of our community." The CSSP calls for a comprehensive training and employment program for residents, with an emphasis on reaching the neighborhood's families.

Poverty, unemployment, and underemployment are significant in the Stevens Square-Loring Heights neighborhood. There are several explanations for this situation including "skills mismatch," the decline of manufacturing, and "spatial mismatch." In addition, many residents have problems that prevent them from getting and keeping jobs.

Above all else, the program must meet the needs of its business partners. If the program fails to do this, employers will not form or maintain partnerships and the program will fail. To ensure that the program does meet the needs of its business partners, Loring Nicollet Bethlehem (LNB) should involve its business partners in designing all components of the partnerships.

Besides referring residents to the appropriate social service providers, LNB should provide residents with career counseling and should try to place residents in jobs in which they are interested. LNB should inform residents what positions are available in the targeted businesses and steer residents to these positions.

LNB should encourage its business partners to provide long-term support as this is less expensive for the program and more convenient for employees. However, if employers are unwilling to do this, LNB should provide this support.

LNB should sell partnerships as a way to reduce labor costs and increase productivity as well as reduce employment paperwork if a temporary agency is used. LNB should focus on forming partnerships with those targeted businesses that are located in or near the neighborhood to avoid the need for transportation or on bus routes to avoid the need for special transportation arrangements.

As residents are at various skill levels and employers have different skill needs, the program should provide opportunities for three types of training: job readiness training, basic skills education, and vocational education and training. Training should be cost-effective. LNB should work with each partner to decide whether customized training or institutional training is more cost-effective. The program can provide vocational training through customized training with its business partners or through training programs at training institutions. Stevens Square Community Organization (SSCO) should also explore the possibility of setting up training programs for the various targeted industries.

SSCO has decided to focus most of its efforts on placing residents in existing firms. However, SSCO should also take advantage of opportunities to retain and attract existing employers and to encourage the formation of new businesses in or near the neighborhood. However, development is expensive, difficult, and time-consuming. SSCO should avail itself of the many MCDA and state development programs. Reverse commuting only makes sense if the wage differential

between the city and the suburbs is greater than the cost to both SSCO through the reverse commuting program and the residents through their time and bus fares.

The neighborhood will be more successful in securing future funding for its program if it can demonstrate its effectiveness. The only way to do this is by systematically evaluating the program. SSCO should approach the government, corporations, and foundations for future funding.

## Introduction

The Stevens Square-Loring Heights neighborhood adopted the following goal in its Neighborhood Revitalization Program Action Plan:

"Increase the economic and social stability of the neighborhood."

The community established the following objectives to meet this goal:

"Develop a Common Social Services Plan to coordinate educational and social services, designed to meet the broad spectrum of resident needs while building a sense of community;

Determine youth activity priorities through the development of the Common Social Services Plan;

Determine and fund community service priorities in conjunction with the Common Social Services Plan." (Loring Nicollet Bethlehem, p. 3)

The Common Social Services Plan (CSSP) was completed in January 1996. The CSSP's purpose is to "enhance the economic security for the least well-off residents of our community." (p. 2) The CSSP calls for a comprehensive training and employment program for residents, with an emphasis on reaching the neighborhood's families.

Before exploring how the CSSP can be implemented, the driving forces behind its adoption will be examined.

## Problem

Poverty, unemployment, and underemployment are significant in the Stevens Square-Loring Heights neighborhood. 30.1% of residents in the neighborhood live below the poverty level compared to 18.5% in the city overall. In addition, more than 60% of the neighborhood children live below the poverty level. Moreover, the neighborhood unemployment rate is 12.9% compared to 7.2% for the city overall. (Minneapolis Planning Department) In addition, 11% of Minneapolis residents could be characterized as underemployed--working, but earning below 125% of the poverty level. (1990 Census) One can assume that this rate is even higher in the Stevens Square-Loring Heights neighborhood. In addition, the median household income in the neighborhood in 1989 was \$14,417, compared to \$25,324 for the city, suggesting that of those who are employed, many are working in low-wage jobs. (1990 Census)

Appendix 1 shows the median household income by block group in the neighborhood. The data is from the 1990 Census. Stevens Square-Loring Heights is made up of five whole or partial block groups. The median household income of the groups in ascending order is \$7,326, \$8,118, \$12,933, \$13,790 and \$17,495. These values can be classified into three groups. As shown on the map, median household income generally increases from east to west with a part of one block group north of 19th Street between Nicollet Avenue and 1st Avenue having a value as low as that of the block group the farthest east. Some caution should be used in interpreting the median



household income for single blocks as values for single blocks are not likely to be the same as those for block groups.

There are several explanations for unemployment and underemployment in Stevens Square-Loring Heights. The "skills mismatch" theory holds that some workers do not possess the skills needed by employers. Closely related to this theory is the idea that the decline of manufacturing has reduced the number of low-skill, high-wage jobs. Manufacturing companies have laid off many workers and lowered wages. (Peterson) The Minnesota Department of Jobs and Training estimated that 432,000 jobs would be created between 1989-1996. Of these, only 20 percent, or 85,000, have an entry level wage of \$7.50 or greater and do not require a college degree. This translates to about 12,000 jobs per year. These 12,000 jobs represent only about 8 percent of the population eligible for the Job Training Partnership Act (JTPA) for the metropolitan area. (Unknown source)

Another theory of the cause of urban unemployment and underemployment is "spatial mismatch". This theory holds that low-skill workers and low-skill jobs are geographically separated. While many low-skill workers reside in central city neighborhoods like Stevens Square-Loring Heights, many of the low-skill jobs are located in the suburbs. In addition, many residents have problems that prevent them from getting and keeping jobs. These include chemical dependency, domestic problems, lack of affordable child care, and lack of transportation.

### **Employment Program**

While the economy is healthy (i.e. the current unemployment rate is 2.5%), this is the best chance to get difficult-to-employ individuals working. Stevens Square-Loring Heights adopted the CSSP to enhance the economic security of its least well-off residents. The CSSP calls for a comprehensive training and employment program. The program is designed in the following way. Residents will be recruited by organizations that have community contacts including the Stevens Square Community Organization (SSCO); Resident Management Corporation (RMC), a social service and employment provider serving the public housing high rises in the neighborhood; Way to Grow, an early childhood development organization; Hennepin County Children's and Family Services; and Stevens Square Tenants Network (SSTN). SSCO is to contract with a main service provider and a secondary provider. SSCO has selected Loring Nicollet Bethlehem (LNB), an employment and training provider and one of the Neighborhood Employment Network's (NET) Job Banks, as its main service provider. RMC was chosen as the secondary provider. These agencies will assess the vocational and social service needs of those residents interested in the program. LNB and RMC will refer these individuals to the appropriate social service providers.

The program has both a local and a regional strategy for training and placement. Its regional strategy is to place residents in businesses that are experiencing growth in the region, which pay decent wages, and which have a need for low-skill labor. The program will target three areas of manufacturing identified in the Metropolitan Council's *Twin Cities Industry Cluster Study* that meet the above criteria. These are printing and publishing, machining and metalworking, and medical device making. The local strategy is to "support local employers, thereby supporting the local economy, and to provide employment opportunities free of transportation obstacles for

neighborhood residents.” (p. 2) The local target industry is health care providers located in the neighborhood. LNB will form partnerships with businesses in these industries and place residents in these businesses.

According to the CSSP, LNB is supposed to “work with employers willing to provide the matching funds to develop training programs that meet their needs, or to subsidize participant enrollment in an existing training/certification program.” (p. 19) Under the program, placement may occur either after or simultaneously with training. LNB will receive payments for both the successful placement and retention of Stevens Square-Loring Heights residents.

It is important that the Stevens Square-Loring Heights neighborhood sets up its own employment and training program because the government programs designed to assist individuals in finding employment are inadequate. The main federal jobs program is the Job Training Partnership Act (JTPA). This program is divided into two programs: 2A and 2C. 2A is for adults age 22 and over and 2C is for individuals age 14-21. Minneapolis currently receives approximately \$500,000 for 2A and \$75,000 for 2C. Funding for both of these programs has been drastically cut in recent years. The JOBS program is strictly an employment program. The Minnesota Family Investment Program (MFIP) is primarily an employment program but also provides some social services. The Success Through Reaching Individual Development and Employment (STRIDE) program used to offer parents receiving Aid to Families with Dependent Children (AFDC) a comprehensive set of resources and support services that included long-term training, education, childcare and transportation assistance. However, the program has become increasingly focused on rapid job placement. Therefore, government programs inadequately address the long-term social service and training needs of Stevens Square-Loring Heights residents.

In designing an employment and training program, it is crucial that the program meets the needs of the employers as well as the residents. If the program fails to do this, employers will not form or maintain partnerships and the program will fail. As stated in the CSSP, “the program should involve employers in designing methods for candidate recruitment, screening, and job-readiness training to meet their specific labor needs.” (p. 13) LNB should work out these components of the program with each of its business partners.

In addition, as the Plan focuses on low-income families and as low-income families are often headed by women, some attention should be focused on helping women specifically obtain livable wage jobs. WomenVenture, a non-profit organization in the Twin Cities, is helping women find employment in non-traditional fields and assisting them in starting their own businesses. The organization prepares women for the work culture of fields traditionally dominated by men. Working in conjunction with the building trades unions and a training institution, WomenVenture has developed a program called Project Blueprint that recruits women who are interested in occupations in the building trades. This program has been very successful with 75% of its graduates employed within six months, and 52% of its graduates employed after two years.

A similar program, Project Newsprint, was recently created to help women find employment in the printing and publishing industries. This program fits in well with Stevens Square-Loring Heights’ focus on the printing and publishing industry. It includes an orientation, eight-week comprehensive internship, referral to printing employers, and support services/counseling.

Project Newsprint is still in the pilot phase. However, it is likely that Project Newsprint will be as successful as Project Blueprint. According to Andrea Cyr of WomenVenture, 29% of Project Newsprint's graduates are employed after six months. This figure will likely rise as the program develops. The program is offered four times per year. Tuition for the eight-week program is \$1,600. However, tuition is on a sliding scale and funding is available through such government programs as STRIDE. All applicants must pay a \$25 registration fee and at least \$50 of the tuition.

WomenVenture also has a Job Placement Program that matches women with employers, and provides access to on-the-job training and a support network. The organization also helps women start their own businesses. LNB should consider forming a partnership with WomenVenture.

In addition, according to John Florey, Director of the Whittier Community Development Corporation, the program should include a transitional work experience. Such an experience would offer an opportunity to evaluate employees. SSCO should consider starting its own business, possibly in partnership with other neighborhoods, to provide residents with this initial employment experience. The City of Minneapolis or Hennepin County might be interested in supporting something like this for Stevens Square-Loring Heights residents or city or county residents in general.

Finally, it is important that the program provide special assistance to AFDC recipients. According to Chip Wells, Director of the Minneapolis Employment and Training Program (METP); persons who have been on AFDC need to be slowly weaned off or they will fail to break free of the program. Currently, AFDC recipients lose government benefits such as child care and health care once they get a job. MFIP seeks to provide these benefits to such individuals. The program is currently in the second year of a five-year pilot project. In addition, the SHAPE program offers unpaid internships in the medical field. This program would allow AFDC recipients to gain some work experience without losing their benefits. LNB should work with these programs to help residents for whom this is an issue.

### **NiCo Plating Programs**

The employment and training model proposed in the CSSP is currently being used by both LNB and the Whittier Alliance, the neighborhood organization of the Whittier neighborhood. These organizations have developed similar programs with NiCo Plating, an electroplating company located in the Whittier neighborhood. Courtney Knox has evaluated these two programs. This evaluation has revealed information that can be helpful in designing and implementing Stevens Square-Loring Heights' program. This information is presented in the sections on the different components of the employment program.

## **Recruitment**

As previously mentioned, residents will be recruited for the program by organizations that have community contacts including the Stevens Square Community Organization (SSCO), Resident Management Corporation (RMC), Way to Grow, Hennepin County Children's and Family Services, and Stevens Square Tenants Network (SSTN). These efforts will be coordinated by SSCO. Recruitment is important to the success of the program because some residents are unaware of the program.

According to Larry Epkins of Whittier Alliance, it is important to develop a personal relationship with each individual when recruiting. It is also important to be upfront with individuals about what will be expected of them. William Johnson of RMC also stresses the importance of personal contact and is currently having flyers handed out personally in the entrance of public housing high rises. RMC also distributes flyers to all persons living in public housing high rises and holds mini job fairs for these individuals. LNB has a booth at these job fairs and distributes information about the program. In its program with NiCo, Whittier Alliance originally used flyers in businesses and going to co-op meetings but now relies on word-of-mouth referrals. The organizations responsible for recruiting should utilize these recruitment methods.

## **Social Services**

According to the CSSP, LNB and RMC are supposed to assess the social service needs of each resident who expresses interest in the program. Residents might have problems with child care, housing, transportation, healthcare, domestic problems, chemical dependency, and other issues. The agencies are then to form partnerships with social service agencies that specialize in particular issues and refer participants to these agencies.

The evaluation of the NiCo program indicates that some counselors at LNB are more systematic than others about conducting a formal social services assessment of program participants. Nonetheless, according to John Westerman, Employment Counselor at LNB, this procedure is becoming more systematic. Moreover, all counselors at least conduct quick assessments which reveal social service needs.

Besides assisting residents with their social service needs, the program should consider teaching residents financial and life management skills to help them become more self-sufficient. Twin Cities RISE!, a non-profit organization that assists individuals in obtaining livable wage jobs, provides its program participants this education. Of course, such education would increase the cost of the program.

The counselors at LNB should also provide residents with career counseling. They should try to place residents in jobs in which they are interested and motivated to do well. LNB counselors need to teach the participants to "dream" again so they can identify such a position. However, LNB's primary consideration should be to meet the employment needs of the targeted firms. Therefore, LNB should inform residents what positions are available and steer residents to these positions. If none of the jobs available in the target businesses appeals to a resident, LNB should help that resident find a job that does.

In addition, according to the CSSP, the program should "educate residents about promising opportunities, and (to) clearly lay out the necessary steps to achieving such ends." (p. 12) This is sometimes called "job laddering". The counselors at LNB should be responsible for developing an occupation strategy with each program participant and for helping them pursue it. According to Mike Brinda of NET, career counseling has been proven to be a highly cost-effective method of assisting individuals in obtaining decent jobs.

The CSSP also calls for providing program participants with long-term support to ensure that future needs do not prevent them from staying employed. SSCO should encourage its business partners to offer this assistance as this is less expensive for the program and more convenient for employees. However, only the largest firms in the target industries currently offer support services. Most employers have insufficient time or are hesitant to get involved in their employees' problems because they are afraid that doing so may subject them to accusations of employment discrimination. In general, firms in the target industries would prefer to have LNB provide long-term support. In these cases, LNB should provide this support. In its partnership with NiCo, LNB is supposed to provide long-term support. As with the social services assessment, the evaluation of the NiCo program reveals that long-term support is not yet being provided as systematically as it could be. However, according to Westerman, this effort is becoming more systematic. LNB counselors meet with program participants weekly during probation and monthly for the next year. Counselors are reminded of these follow-up meetings in monthly reports. LNB informs each program participant that it can help them with their social service needs. These efforts should be continued in the Stevens Square-Loring Heights program.

The Twin Cities RISE! program provides an idea for an alternative source of long-term support. This organization requires all applicants to its program to have a "community co-sponsor," which can be a job program, social service agency, or community group. LNB could match its program participants with such "community co-sponsors" who could provide long-term support.

## **Partnerships**

As stated earlier, the CSSP calls for LNB to form partnerships with employers in the targeted industries as well as other employers that pay a livable wage. LNB will form partnerships with these businesses and place residents with them. The first year target is 20 employers. The nature of these partnerships will vary, ranging from simply calling LNB when a job opening becomes available to establishing an elaborate training and placement program. LNB will help those partners who are willing to provide the matching funds to develop their own training programs or to subsidize participant enrollment in an existing training program.

According to several persons interviewed, setting up partnerships with businesses is difficult. Firms are concerned that the employees will not work out and that the costs involved in a partnership will outweigh the benefits. However, once a couple of employees works out, employers are more receptive to partnerships. Due to the current labor shortage, employers are becoming more concerned with recruitment and are increasingly willing to form partnerships. Even so, businesses will form partnerships only if doing so will help them meet their labor needs. LNB should involve its business partners in designing the partnership to help ensure that their labor needs are met.

LNB should sell partnerships as a way to reduce labor costs and increase productivity. Labor shortages result in "lower quality workers, escalating labor costs, increased recruiting and training costs, production delays and, in some cases, even an inability to fill orders" (Harding, p. 12). No general figures on the costs to businesses of turnover, such as hiring, advertising, training, were found for this report. However, some figures for specific industries were found. According to Rick Polanski, it costs approximately \$2,800 to hire and train a warehouse worker. Polanski has also heard that it takes 3-5 years for employers to break even on training programs for machinists. In addition, the JTPA figure for placement is \$1,800-\$2,200.

LNB should also promote partnerships as a way to reduce employment paperwork if as in the NiCo partnership an organization like METP serves as a temporary agency. As for trying to make partnerships more attractive by also helping employers meet their higher-skilled employment needs, this is impractical, according to John Westerman of LNB, since LNB currently has limited contact with highly skilled individuals. While the many benefits of partnerships should be promoted, LNB should also make it very clear to its business partners that they may also have to make some extra efforts.

LNB should also inform employers of the government programs that can help them form partnerships. The Minneapolis Enterprise Zone Incentive Grant Program was recently expanded to include all of Stevens Square and a larger area of Whittier. Employers located in the Enterprise Zone can receive a grant of 20% of an employee's first year wages, up to a maximum of \$5,000 per employee, if they hire a resident of the Enterprise Zone who stays employed for one year and earns at least \$7.22/hour at the end of the period. HIRED currently tries to locate eligible employees for businesses located in the Enterprise Zone. Companies must submit an application in the beginning of January. While the application is short and requires information that can only be provided by the applying companies, SSCO should offer to complete the application for businesses. Grants are only available for for-profit companies and are unavailable for employees in seasonal, temporary construction, financial institutions, gambling enterprises, or sports, fitness, and **health facilities**. Businesses can find out more about this program by calling Iric Nathanson at the Minneapolis Community Development Agency (MCDA) at 673-5183.

In addition, the Minnesota Job Skills Partnership provides funding for the specific training needs of businesses at training and educational institutions. Employers must match this grant. This program can be contacted at 296-0388.

NiCo's partnerships with both LNB and Whittier Alliance have been successful. However, it is uncertain whether partnerships with other employers will be as successful because Denny Donaldson, President of NiCo, is unique. According to many of the individuals interviewed, most business executives are not as committed to hiring inner-city residents as he is. Some of these individuals even believe Donaldson is largely responsible for making the NiCo programs work. He has offered to help promote partnerships to other businesses. LNB should take advantage of this opportunity to have prospective employers talk with him.

NiCo's partnerships have also benefited from individuals at LNB and Whittier Alliance. John Westerman of LNB is credited with being very thorough and for getting to know the NiCo staff. Larry Epkins of Whittier Alliance has served as a very effective liaison between NiCo and

Whittier residents by gaining the trust of Whittier residents and intervening when they have a problem.

Specific businesses with which LNB might want to form partnerships are listed in the sections on local and regional placement. Within the targeted industries, LNB should target those employers that offer better wages and benefits than the others. LNB may also want to focus on larger businesses as they tend to offer better benefits than smaller businesses. In addition, LNB should focus on forming partnerships with those targeted businesses that are located near the neighborhood to avoid the need for transportation or on bus routes to avoid the need for special transportation arrangements. Finally, LNB should focus on those targeted businesses that have indicated a need for customized training.

### **Training and Education**

As previously stated, LNB will help those partners who are willing to provide the matching funds to develop their own training programs or to subsidize participant enrollment in an existing training program. Under the program, training may occur either before or simultaneously with placement.

Stevens Square-Loring Heights is wise to offer its residents opportunities for training because businesses in general are not training their lower-skilled workers. In addition, government funding for adult training through programs such as JTPA is disappearing. According to Chip Wells of METP, only 10% of the population eligible for JTPA is currently being served.

As with all aspects of the program, it is essential that training meets the needs of employers. Employers' needs vary considerably. Some employers are simply looking for individuals who will come to work every day and on time. Other employers need workers who also have basic reading or math skills.

Training should also be based on the residents' skills. Some residents lack a good work ethic and interpersonal skills. In addition, a high percentage of persons over the age of 25 in the neighborhood, especially persons of color, do not have high school diplomas, and therefore likely lack basic reading and math skills. Finally, most residents likely lack higher vocational skills.

As residents are at various skill levels and employers have different skill needs, the program should provide opportunities for three types of training, including job readiness training, basic skills education, and vocational education and training. Job readiness training provides fundamental job skills including taking direction from a supervisor and getting along with fellow workers, and teaches the importance of going to work every day and being on time. Basic skills education refers to teaching fundamental reading and math skills.

It is important to consider whether customized training or institutional training is preferred. The CSSP calls for forming partnerships with businesses that will either provide customized training or pay half of the cost of a training program at a training institution. The vast majority of individuals interviewed for this report think customized training is superior to training at training institutions because customized training prepares workers better for their particular job.

Customized training also usually takes less time. However, customized training is more expensive and requires a greater investment upfront than established training programs because a training program must be developed.

Training should be cost-effective. Approximately \$660 is available per person for training on average, estimating that approximately half of the 60 persons projected to be served by the program will require more than job readiness training. (\$20,000/30 persons) LNB should work with each partner to decide whether customized training or an institutional training program is more cost-effective. This process should include comparing the costs and benefits of various institutional training programs.

NiCo uses customized training and this has worked out well. According to the owner of NiCo, the graduates of state training programs have not worked out well at the company. These individuals have failed to show up for work or have arrived late. NiCo trains individuals in a group. This seems to create a sense of camaraderie and increases the success of workers. NiCo also has a mentorship program for all of its new employees. After one year, new employees begin formal training and are matched with experienced employees who volunteer to help them through their training. LNB should urge its business partners to establish such mentorship programs.

According to Jan Curtis of Printing Industry of Minnesota, Inc., the trade association of the printing industry, the printing industry is looking for individuals with good math, communication, interpersonal, team, learning, reading, writing and problem-solving skills. In terms of more technical skills, the industry needs persons with computer and production skills. Skills in graphics design and desktop publishing are **not** in demand. Businesses in this industry would like to hire individuals who would be willing to get a two-year vocational or technical degree. Printing Industry of Minnesota offers its own training. This association recommends the training programs at Dunwoody Institute, St. Paul Technical College and Hennepin County Community College.

Minnesota lacks a sufficient number of skilled workers in manufacturing according to Minnesota Technology, a non-profit organization that assists Minnesota companies in becoming more competitive through the use of technology. In a recent study of manufacturing companies in the state, 24.7% of companies in the metro area were unsatisfied with the basic skills of their employees, 24.7% were unsatisfied with their technical skills, 18.4% were unsatisfied with their interpersonal skills, 25.9% were unsatisfied with their communication skills, 33.9% were unsatisfied with their work ethic, and 22.9% were unsatisfied with their thinking and reasoning skills. (University of Duluth, Center for Economic Development) Residents should be trained in all of these skills.

According to John Conley of Minnesota Technology, the manufacturing industry needs individuals with good skills in math, science, communication, spatial relations, teamwork and a good work ethic. In addition, the following technical skills are in demand in manufacturing: computer skills, including Computer Numerical Control (CNC), metallurgy, equipment use, and quality control. Companies in this area are looking for individuals with a two-year degree plus two to three years of technical experience. Minnesota Technology recommends the training programs at Dunwoody Institute, Hennepin County Technical College, and St. Paul Technical College.



LNB's two-week job readiness training program with NiCo has worked well. While the neighborhood should have LNB provide this training in the program, Twin Cities-OIC's COPE program is an alternative. The COPE program starts every two weeks. Normally, individuals take the COPE program as the first part of a longer program, however, Twin Cities-OIC is willing to allow individuals to take just the COPE component. The cost of this program alone is approximately \$500 per person. Adult basic skills education and GED programs should be provided by the Minneapolis Public Schools as this is free. In addition, the business partners themselves can provide this type of education, as NiCo does.

Twin Cities RISE! has developed a good list of the skills that the program's job readiness training and basic skills education should provide:

- "Basic skills: reads, writes, performs arithmetic and mathematical operations, listens and speaks.
- Thinking skills: thinks creatively, makes decisions, solves problems, visualizes, knows how to learn, and reasons.
- Personal qualities: displays responsibility, self-esteem, sociability, self-management, integrity, and honesty.
- Resources: identifies, organizes, plans, and allocates resources.
- Interpersonal: works with others.
- Information: acquires and uses information.
- Systems: understands complex inter-relationships.
- Technology: works with a variety of technologies." (Twin Cities RISE!)

This is more than LNB's job readiness training and basic education currently provide. SSCO should look into having residents trained in these skills. Such training would likely add to the cost of training but would prepare individuals for a variety of jobs.

The program can provide vocational training through customized training with its business partners or through training programs at training institutions. Training institutions can help LNB and its business partners design and implement customized training programs. The various trade associations also provide assistance in establishing customized training programs. For those residents needing training at a training institution, LNB can refer them to METP whose professional training counselors will match them with appropriate training programs. METP provides this service at no charge. Of course, LNB and the employers should be involved in selecting the training programs.

Several institutions in the metro area offer vocational training for jobs in the target industries. This report looks only at Minneapolis Community and Technical College (MCTC) and Dunwoody Institute. MCTC offers numerous training programs for jobs in the target industries. MCTC claims to offer the lowest tuition in the state. Tuition is \$43.85 per credit for Minnesota residents. Financial aid is available. The following programs are most relevant to the neighborhood's program:

- **Computer Careers** - three-credit courses
- **Graphic Design/Visual Communications** - mostly three-credit courses
- **Machine Tool Technology** - one to five-credit courses

- **Nursing Assistant/Home Health Aide** - One six-credit, three-week course costs \$308.
- **Practical Nursing** - one to six-credit courses
- **Welding** - three-credit courses

In addition, MCTC is currently developing a program in printing and mailhandling.

SSCO may also want to set up training programs for the various target industries. MCTC offers a workshop entitled Train the Trainer for Nursing Assistant Instructors which qualifies a Registered Nurse to provide nursing assistant training. SSCO should consider hiring a Registered Nurse, paying for him/her to attend this course, and then providing nursing assistant training. The workshop will take place October 14-16 and costs \$400. This arrangement could be less expensive than having residents trained at a training institution like MCTC. The Saint Paul Port Authority, through its Employment Connection program, designs such programs. According to Harriet Horwath of the Port Authority, the programs are easily adaptable to specific employers. Horwath may be willing to help do this. She can be contacted at 224-5686.

MCTC also has a Customized Training program. MCTC can provide a pre-designed course or work with a business to customize a course to meet its specific training needs. These courses can be offered at MCTC or on-site. The most relevant pre-designed programs are Computer Training and Production and Manufacturing Process. For more information, contact Jan Morrissey at 370-9442.

Dunwoody Institute also offers several training programs for jobs in the target industries. Dunwoody is more expensive than MCTC but its graduates earn good wages. Financial aid is also available. The average entry-level wage for its graduates is about \$20,000/year. According to Nancy Schwartz, one of Dunwoody's career counselors, the programs are very intense and demanding. The Institute's programs are probably only appropriate for residents with above average motivation and intelligence. Some of the more relevant programs are the following:

- **Machine Tool Technology** prepares individuals for machine tool setup and operation, including NC and CNC machining and programming. Two-year program. Approximately \$10,300/year for everything. Placement rate of 100% in 1995. Recent graduates make \$12/hour.
- **Heating and Cooling Systems: Fabrication, Installation and Service** trains individuals in sheet metal layout, fabrication, and installation. Two-year program. Requires a lot of math. Approximately \$10,000/year for everything. Placement rate of 100% in 1995. Recent graduates make \$10-\$14.25/hour.
- **Printing/Graphics Production Technology** provides instruction in a variety of activities relevant to this industry. Two-year program. Approximately \$9,600/year for everything. Placement rate of 100% in 1995. Graduates make \$7.50/hour.
- **Welding** teaches various welding techniques. Only nine-month program. Approximately \$6,000/year for everything. Placement rate of 100% in 1995.

In general, graduates who join unions in these occupations start at \$9.75/hour and make \$30/hour after five years. Dunwoody offers a one-month crash course in basic math. It will also soon

offer a quarter-long preparation course including math, introduction to technology, and basic tool use.

Currently, one of the most cost-effective types of training is certified nursing assistant programs. Training lasts a few weeks and graduates of the program make about \$8/hour. City of Lakes Transitional Care Facility offers such a program. Machinist training programs also offer some promise. Although such programs are relatively expensive and take two years to complete, graduates earn good wages. MCTC and Dunwoody Institute both offer machinist training programs. In addition, persons trained in Computer Numerical Control (CNC) are currently in high demand. Training programs last two years but customized training takes less time. CNC operators make \$7-\$9/hour. Individuals who can set up CNC are paid \$10-\$14/hour. CNC programmers earn \$14-\$18/hour. Training programs in some mental health fields may also be a good possibility. LNB should steer residents to these programs.

Being able to work while training is very important to most individuals. While this is not an issue with on-the-job training, it can be with some institutional training programs. Some training institutions such as MCTC and some of the private institutions offer courses in the evening and on the weekend to help address this need. LNB should assist residents in obtaining employment during their training.

## Placement

As mentioned earlier, the program has both a regional and a local strategy for job placement. The regional strategy is to place residents in businesses that are experiencing growth in the region, which pay decent wages, and which have a need for low-skill labor. The program will target the following manufacturing industries identified in the *Twin Cities Industry Cluster Study*: printing and publishing, machining and metalworking, and medical device making. The local strategy is to place residents with local employers. The local target industry is neighborhood health care providers.

In implementing its two placement strategies, the neighborhood can pursue three general tactics. The first tactic is to place residents with existing employers both in and outside of the neighborhood. The second and third tactics can be used to create new jobs in and near the Stevens Square-Loring Heights neighborhood specifically. The second tactic is to encourage the formation of new businesses in or near the neighborhood and place residents in them. The third tactic is to attract existing businesses to the neighborhood or nearby neighborhoods and place residents in them. The neighborhood has chosen to focus most of its efforts on placing residents in existing firms. This is a wise strategy because attracting existing firms and encouraging new businesses to form is very time-consuming and costly. However, SSCO should also take advantage of available opportunities to retain and attract existing employers and to encourage the formation of new businesses in or near the neighborhood.

LNB will form partnerships with businesses, most of which will be in the target industries and place residents in these businesses. While LNB will focus on developing partnerships with businesses in the target industries, it will also form partnerships with other employers that pay livable wages. According to the CSSP, "at least 75% of placements should be within target industries (with some leeway with the remaining 25%: for special cases; for residents needing

employment experience to prepare them for jobs within target industries." (p. 18) LNB will receive payments for both the successful placement and retention of Stevens Square-Loring Heights residents. Under the program, placement may occur either after training or simultaneously with training.

JOB LINK will help LNB identify employers that pay livable wages. JOB LINK is a computerized job posting service provided by HIRED, a non-profit organization that assists individuals in getting employed, that can match job seekers with job openings throughout the metro area on the basis of career area, skill/experience level, education requirements, geographic location and transportation availability. As a NET Job Bank, LNB has access to JOB LINK. Through JOB LINK, SSCO will be able to find out about current job openings with both employers with which it has a partnership and those with which it does not have a partnership. In the future, JOB LINK may code job openings within the target industries by industry.

LNB should work out a method of placement with each of its business partners. This method should screen individuals very carefully to improve the chances of an employee working out. The methods used in the NiCo programs are a good model. LNB and Whittier Alliance have similar screening processes although they share some elements. The main difference is that LNB relies on a committee to select its candidates whereas Whittier Alliance selects its candidates based on a series of one-on-one meetings. Both programs provide opportunities for prospective employees to opt out of placement at NiCo. In addition, both programs take candidates on a tour of NiCo and hold information sessions on the available positions. Once the workers are selected, they enter a 60-day probationary period at NiCo during which they can be fired with no questions asked. However, if an employee has a problem, NiCo management tries to work it out, sometimes with the assistance of LNB or Whittier Alliance. If probation goes well, the worker is hired by NiCo. Whittier Alliance is currently looking into arranging temporary placement in a business that would probably pay less than livable wages but which would provide an opportunity to evaluate workers before placing them at NiCo.

In the NiCo programs, METP is serving as a temporary agency during the initial probationary period. In the first 60 days of employment, the workers are officially employees of METP. NiCo pays METP \$8.50/hour for each employee and METP then pays the employees \$6.50/hour. METP keeps \$2.00/hour to cover worker's compensation and other administrative costs. NiCo is the only business with whom METP has this relationship. However, according to Chip Wells, METP is willing to play this role with other companies as long as the jobs being offered pay a livable wage and offer benefits. This arrangement is important to the success of the NiCo programs. Having METP play this role makes the partnership more attractive to NiCo because it has less paperwork to do and is able to fire employees more easily during the probationary period. Employers in the machining and metalworking industry and medical device manufacturing industry occasionally use temporary agencies for its more low-skill, repetitious work. In the printing industry, some businesses use temporary agencies and rely on two main temporary agencies that specialize in this industry.

While METP is willing to play this role with other employers, SSCO should investigate whether some non-profit organizations could collaborate to provide this service for less than METP can. However, this may be unlikely because, unlike other employers, METP is not required to pay unemployment insurance and therefore its costs of serving as a temporary agency are reduced. METP passes on these savings to employees in the form of higher wages. Even so, non-profit

organizations may be able to provide this service for less than METP can. Messages left with the Department of Economic Security regarding whether such a non-profit organization would have to pay unemployment insurance have gone unanswered. SSCO should pursue the answer to this question. If such a partnership can serve the temporary agency function for less than METP can, SSCO should form a partnership with them. Otherwise, SSCO should collaborate with METP. SSCO should also look into a temporary service at Pillsbury Neighborhood Services designed to place individuals in positions that are likely to become permanent. In addition, according to John Westerman of LNB, LNB could possibly serve this role if the administrative structure was put in place.

One problem with having METP play this role is that employees must wait a month to get paid in the beginning of the program due to different pay periods. This can be a serious problem for some employees. Whittier Alliance has dealt with this problem by providing small loans. However, LNB does not have funds for this situation. SSCO should work with LNB to obtain funding for small loans if employees must wait a long time before being paid.

According to the CSSP, "the program should provide casual opportunities for residents to make contacts with people in growth industries and to learn about the nature of their work." (p. 12) LNB and RMC hold job fairs which serve this function. LNB and RMC should encourage employers to come to the fairs by promoting them as a way to find needed low-skill workers. LNB should also investigate the possibility of arranging tours with various employers.

## **Regional Placement**

As previously mentioned, the neighborhood's regional placement strategy is to identify Twin Cities industries that are "experiencing and should continue to experience growth in the region, which pay decent wages, and which have a need for low-skill labor." (Loring Nicollet Bethlehem, p. 2) The program will target the following industries identified in the *Twin Cities Industry Cluster Study*: printing and publishing, machining and metalworking, and medical device manufacturing.

A regional strategy is appropriate because these industries are growing and tend to pay livable wages. However, reverse commuting only makes sense if residents can earn more working in the suburbs. According to Terrell Towers of MCDA, Chip Wells of METP, and John Florey of Whittier CDC, many good-paying jobs currently exist in the city. However, according to Bill McMahon of HIRED, livable wage jobs are more numerous in the suburbs than in the city. In addition, wages in the suburbs are usually higher than those in the city. In the second quarter of 1994, the period with the most recent data, the average weekly wage in all manufacturing industries was \$706.69 in Hennepin County and \$640.79 in Minneapolis. Wages in the suburbs were also higher in the target industries. The average weekly wage in durable goods manufacturing was \$723.55 in Hennepin County and \$679.31 in Minneapolis. The average weekly wage in the fabricated metal products industry was \$707.63 in Hennepin County and \$620.52 in Minneapolis. The average weekly wage in the industrial machinery and equipment industry was \$746.84 in Hennepin County and \$651.21 in Minneapolis. The average weekly wage in the printing and publishing industry is \$584.94 in Hennepin County and \$541.94 in Minneapolis. (Minnesota Department of Economic Security) In all cases, the average weekly wage is higher in Hennepin County than in Minneapolis. In some industries, this difference

approaches \$100. The difference between wages in the suburbs and the city is actually greater than these figures reveal as the figures for Minneapolis pull down the average figures for Hennepin County.

However, reverse commuting is only worthwhile if the wage differential is greater than the cost, in both transportation and time, of commuting to the suburbs. The wage differential should be greater than the transportation cost to both SSCO through the reverse commuting program and the residents through bus fares. For the 50% of neighborhood residents who do not own a car, this cost can be significant. Reverse commuting may require them to pay bus fares for Southwest Metro Transit as well as for MCTO, and add more than an hour each way to their work day. Moreover, as many suburban employers are not located near public transportation routes, the only way individuals who do not own a car can access them is through special reverse commuting arrangements. These arrangements are expensive. In NET's reverse commuting arrangement with SSCO, only about 10 individuals are currently using the service whereas 25 riders are needed to cover LNB's half of the cost of the bus. (The other half is paid by Southwest Metro Transit.) LNB pays the difference between its half and what the riders pay. In addition, LNB pays the entire fee or offers a reduced fare for the first couple weeks after a resident is placed in a job in the suburbs. SSCO is paying \$5,000, NET is paying \$10,000, and Hennepin County is paying \$10,000 for these transportation costs.

Reverse commuting works better if participants have a peer group with whom to do this, according to Barb Agard of Hennepin County Department of Training and Employment Assistance (TEA). Given the cost of reverse commuting arrangements, SSCO should first encourage Metropolitan Council Transit Operations (MCTO) and Southwest Metro Transit to offer bus routes to particular employers that are not currently served. According to Rick Polanski of LNB, MCTO is open to changing its bus routes. MCTO needs 26-30 riders per day to cover the costs of a route. In addition, Stevens Square-Loring Heights could collaborate with nearby neighborhoods such as Elliot Park on providing transportation to these employers. Stevens Square-Loring Heights and local neighborhoods could pool their resources to purchase a van. Niemi estimates that the project would cost \$65,000 per year if vans are leased and \$90,000 per year if a van is bought. The neighborhoods might be able to lower the project's cost by securing county service contracts to transport individuals to county social service facilities.

SSCO will implement its regional strategy primarily by placing residents in existing firms throughout the metro area. However, SSCO should take advantage of available opportunities to help retain existing firms, attract existing targeted businesses to the area and encourage the formation of new businesses within the target industries in this area. How the neighborhood can retain and attract existing businesses as well as encourage new businesses to form is discussed later in the section on job development.

In general, SSCO should target those employers in the targeted industries that are on existing bus routes to avoid the need for making special reverse commuting arrangements. MCDA recently conducted a survey of 800 Minneapolis businesses that are in the industry clusters identified in the Metropolitan Council's *Twin Cities Industry Cluster Study* including the three industries that Stevens Square-Loring Heights is targeting as part of its regional strategy. The survey identified companies in these industries that have an interest in customized training. As special reverse commuting arrangements are expensive and time-consuming for residents, LNB should also target these Minneapolis firms, especially those indicating a need for customized training.

Appendix 2 contains a map of these businesses that are located near the neighborhood and have indicated a need for customized training. The map reveals the location of these businesses that are located in the three zip code areas in or near Stevens Square-Loring Heights. This area includes zip codes 55403, 55404 and 55405, and is generally bounded by 26th Street on the south, Xerxes Avenue on the west, Olson Memorial Hwy. and the southern edge of the downtown on the north, and 24th Avenue on the east. In this area, 49 of the targeted businesses expressed a need for customized training. As shown in the map, they are scattered throughout the area.

In addition, LNB currently has strong relationships with the following businesses with which it could place Stevens Square-Loring Heights residents:

Lake Region - medical parts assembly  
Pies, Inc.  
United Mailing  
Express Services - temp agency  
    - Deli Express  
Eden Corporation - hydraulics

LNB should also look through the JOB LINK database for available job openings.

### **Local Placement**

As stated earlier, the neighborhood's local placement strategy is to "support local employers, thereby supporting the local economy, and to provide employment opportunities free of transportation obstacles for neighborhood residents." The local target industry will be health care providers. (The locations of these targeted employers are shown in Appendix 3.)

A local placement strategy makes sense. As stated in the CSSP, health care providers are a neighborhood asset. In addition, providing local employers with workers will strengthen the local economy. Local placement also removes a common obstacle to employment-- transportation.

Much like its regional strategy, SSCO will implement its local strategy primarily by placing residents in existing businesses in Stevens Square-Loring Heights and nearby neighborhoods. However, SSCO should also take advantage of available opportunities to help retain existing businesses, attract existing businesses to the area, and encourage the formation of new businesses in this area. How the neighborhood can retain and attract existing businesses as well as bring about new business formation is discussed later in the section on job development.

The following local businesses have been identified as good candidates for partnerships:

- LNB could form partnerships with employers in the Southeast Industrial Area (SEIA). A recent study found that many employers in this area need employees. (Kane) The printing and publishing industry represents the largest concentration of firms in the SEIA. There are also some businesses engaged in such printing and publishing related activities as manufacturing paper and printing ink. In addition, some companies in the machining and metalworking industry are located in the SEIA.
- Microtron - northside industrial park, openings for entry level assembler, some clerical positions; entry level workers start out at \$6/hour, move to \$8/hour and make an average of \$10/hour after 18 months. Need individuals who can read and write. Also need individuals with training in electronics.
- Loren Niemi thinks there is a possibility for Elliot Park to collaborate with Stevens Square-Loring Heights in a partnership with the Hennepin County Medical Center.
- American Express often has openings in its mailroom.
- Abbott Northwestern is often hiring for a variety of positions.
- Woodlines - located in Whittier; pays \$10-\$12/hour
- Mascots and Costumes - located in the Whittier incubator; pays \$9-\$10/hour
- Tiro Industries - located in the SEIA; about 300 employees; pays relatively well
- Some employers located off of Hiawatha Avenue pay \$8.50/hour after one year.

LNB currently has strong relationships with the following local employers:

- Good Samaritan Group Home
- Bristol Place
- Hyatt Regency

Whittier Alliance is currently trying to set up partnerships with the following businesses with which LNB might also form partnerships:

- Franklin Bakery - located on Franklin Avenue
- Norquist - located on Lake Street; expanding
- C-Pak - located in Whittier incubator

As in the regional strategy, LNB should also look through the JOB LINK database for available job openings. JOB LINK searches can be limited to certain zip codes to identify only jobs in the vicinity of the neighborhood.

In addition, it is important to note that hospitals often will **not** hire persons with drug use or crime in their backgrounds, according to John Florey of the Whittier CDC.



## Job Development

As stated earlier, SSCO can implement its regional and local placement strategies in three general ways. The first way is to place residents with existing employers both in and outside of Stevens Square-Loring Heights. SSCO can also use two tactics to create new jobs in and near the neighborhood specifically. One of these tactics is to encourage the formation of new businesses in or near the neighborhood and place residents in them. The other tactic is to attract existing businesses to this area from elsewhere and place residents in them. While SSCO will focus most of its efforts on placing residents in existing jobs, SSCO should also take advantage of opportunities to help retain jobs that are in or near the neighborhood as well as help create new jobs in this area through new business formation and business attraction.

While placing residents with existing employers seems feasible, it is important to discuss whether encouraging new businesses to form in the nearby area as well as attracting businesses to the nearby area and then placing residents with these businesses is feasible. All of those interviewed think encouraging new business formation and attracting businesses to the area is expensive, difficult, and time-consuming. John Florey, Executive Director of the Whittier CDC, would discourage a neighborhood organization from trying to do it. He also warns that development in low-income areas usually does not result in the employment of area residents.

Many deterrents to development exist. According to two studies in the Twin Cities, the most significant deterrent to development in the inner city is polluted sites. (Lukermann, p. 5; Kane, p. 1) The MCDA is cleaning some of these sites but the process is slow due to the enormous costs involved. In addition, businesses are hesitant to buy contaminated land because they are liable for the costs of clean-up. Due to the number of polluted sites, it is also difficult to assemble sites that are large enough for development. According to Terrell Towers, MCDA Economic Development Director, the city has very few clean, contiguous sites.

In addition, inner-city development usually requires redevelopment of land. This is a deterrent because it is more expensive and time-consuming to redevelop a site than to develop a site, especially if buildings have to be torn down. City regulations also sometimes deter business development, although part of this is a problem of perception. Of course, land must also be zoned for the particular type of development. Other deterrents to development include: infrastructure inadequacies and environmental regulations. Finally, new businesses have their own problems. The biggest barrier to start-up businesses is a lack of capital. Start-ups have a lot of difficulty getting loans because they do not have equity. Many new business owners also lack the necessary business skills.

According to Bart Putney, SSCO Executive Director, the only place where industrial development might be possible in Stevens Square-Loring Heights is on 4th Avenue. According to Towers, light industrial development might be possible on these sites. However, even light industrial development may be incompatible with residences located in the area. Zoning may also present a challenge (e.g. noise, traffic, shift changes). While few if any industrial sites are available in the neighborhood, some vacant commercial sites are available throughout the neighborhood.

Besides the sites on 4th Avenue, the closest potential sites for industrial development are in the Whittier and Elliot Park neighborhoods. Other nearby areas where development can take place

are Seward South industrial park, the Southeast Industrial Area, sites around the intersection of Lake Street and Hiawatha Avenue and along Highway 280. In Seward South, the city is cleaning up polluted sites and is selling the sites as fast as it can clean them. Many developers are waiting for these sites. MCDA is about a year away from having all of the sites clean.

SSCO can help to retain existing businesses in and near the neighborhood, attract existing businesses to this area, and encourage new businesses to form in this area with the assistance of MCDA and state programs, as well as by forming partnerships with nearby neighborhoods.

MCDA focuses on helping businesses stay in Minneapolis rather than attracting businesses and encouraging new businesses to form. According to FOCUS MCDA, the agency's statement of its mission, role and priorities, two of the three purposes of MCDA are "maintaining and increasing employment opportunities" and "encouraging private investment and reinvestment within the city." (p. 3)

In addition, "all of the agency's major goals and strategies for the period of July 1995 through December 1996 fit within three of the seven 1995-1999 Directions Framework goals." One of the three goals is a "diverse, resilient economy that creates needed job opportunities." (p. 6) Under this goal, "the chief roles of the Agency will be to provide clean sites for commercial and industrial development, and to strategically target Minneapolis companies that create living-wage jobs for City residents." (p. 9) MCDA will "provide clean sites for commercial and industrial development by:

- prioritizing cleanup of contaminated land owned by the Agency;
- identifying financial resources for site acquisition, cleanup and related costs, and continuing to make site cleanup a high legislative priority;
- encouraging pollution prevention to reduce future cleanup needs;
- identifying and prioritizing development opportunity areas;
- strengthening targeted industrial areas and assisting in the redevelopment of obsolete industrial areas for more appropriate uses." (p. 9)

SSCO should encourage MCDA to clean up sites in nearby neighborhoods. (There are no polluted sites in Stevens Square-Loring Heights.) MCDA will "maintain a strategic focus on attracting and retaining companies that meet expectations for job creation and retention by:

- defining expectations and criteria.
- proactive identification of businesses." (p. 9)

SSCO should lobby MCDA to target companies that create livable wage jobs in Stevens Square or nearby neighborhoods. MCDA will "develop a stronger link with partners in employment and training systems, such as the public school system, higher education, the State of Minnesota, and the Minneapolis Employment and Training Office by:

- improving the referral system between businesses that the Agency assists and those entities that provide education and training.
- identifying those businesses that need customized training." (p. 10)

As mentioned earlier, MCDA recently conducted a survey of 800 businesses that are in the industry clusters identified in the Metropolitan Council's *Twin Cities Industry Cluster Study* to identify which of these businesses need customized training. LNB should help retain nearby businesses that are identified as needing customized training by forming partnerships with them.

MCDA has a number of programs to help attract existing businesses to the inner city, encourage new businesses to form in the inner city, as well as retain existing inner-city businesses and encourage them to expand. The following financial programs are available through MCDA:

- **"Industrial Revenue Bonds (IRBs)** provide financing for the acquisition of land and construction of new facilities, additions to existing facilities, equipment purchases and renovation of existing structures. Loans are generally in the \$500,000 to \$20 million range.
- **[Small Business Administration] (SBA) 504 Loan Program** provides long-term, fixed rate financing for commercial and industrial businesses that are purchasing or improving real estate or acquiring production equipment. Projects range in size from about \$125,000 to \$1 million.
- **2% Loan Fund** provides financing in partnership with private lenders for businesses that are renovating their facilities or purchasing production equipment. Projects range in size from \$10,000 to \$100,000.
- **Working Capital Program** provides operating loans in partnership with private lenders for businesses that have been in operation for at least one year. Businesses generally borrow up to about \$60,000.
- **Micro Loan Program** provides management assistance and loans of up to \$25,000 to very small businesses in target neighborhoods. The program is operated by the Minneapolis Consortium of Community Developers in cooperation with the MCDA.
- **Business Development Fund** provides supplemental financing for labor intensive businesses. Businesses receive a prepayment credit of up to \$5,000 for Minneapolis residents who are hired and stay on the job for at least six months." (MCDA, "The New Economy Working Group," p. 2)

MCDA can help facilitate SSCO's placement strategies in other ways as well. As previously mentioned, the Minneapolis Enterprise Zone Incentive Grant Program, administered by the MCDA, offers employers located in the Enterprise Zone a grant of 20% of an employee's first year wages, up to a maximum of \$5,000 per employee, if they hire a resident of the Enterprise Zone who stays employed for one year and earns at least \$7.22/hour at the end of the period.

MCDA's Business Link is an ombudsman and provides access to information and resources that can help businesses succeed. Business Link primarily deals with smaller businesses, helping them with small loans, business plans, etc. For example, Business Link can refer businesses to the Minnesota Technical Assistance Program (MNTAP) to help them determine if they are creating too much waste and how to deal with their waste.

MCDA's NRP/Citizen Participation Department provides funding and technical assistance for neighborhood organizations like SSCO. The Department's mission is to build the capacity and participation of citizens in neighborhood organizations to increase their ability to deal with issues in their community, especially housing and economic development. This department provides neighborhoods technical assistance with NRP contract preparation, management, and

rules and regulations. It also provides speedier, more effective coordination between the NRP and the MCDA and provides information on the MCDA.

MCDA's Job Linkage program helps city residents get jobs with businesses that receive MCDA assistance. Under this program, if one of the purposes of a development project is to create jobs, the business must agree to hire city residents for some of these openings. The business negotiates a resident hiring goal with METP. METP then notifies NET of the job openings. As a member of NET, LNB can provide neighborhood residents with this job opening information.

Finally, MCDA has a liaison program to help neighborhoods work with the MCDA. Stevens Square's liaison is Jane Lerdall. She can be contacted at 673-5164. SSCO should ask her about the possibility of industrial development on 4th Avenue.

The Minnesota Department of Trade and Economic Development (DTED) might be able to assist SSCO in retaining and creating jobs. For example, its Urban Initiatives Fund provides capital to small industrial businesses and those businesses owned by persons of color.

Partnerships with nearby neighborhoods can also help SSCO to place residents with local employers. Loren Niemi, Executive Director of Elliot Park Neighborhood Inc., has suggested that perhaps Elliot Park, Stevens Square-Loring Heights, Whittier and possibly other neighborhoods collaborate in hiring a general economic development specialist and an arts economic development specialist. Niemi has submitted a proposal to the Northwest Area Foundation for \$120,000/year for three years to do this.

Urban Venture, a non-profit organization located in the Phillips neighborhood, has experience with redevelopment and could also be a good resource for Stevens Square-Loring Heights in its redevelopment efforts. In addition, as mentioned earlier, WomenVenture has been successful in assisting women-owned businesses.

## **Future Funding**

It is important that the neighborhood consider how its employment and training program will be funded after its NRP funds dry up in five years. The neighborhood will be more successful in securing future funding for its program if it can demonstrate its effectiveness. The only way to do this is by systematically evaluating the program. The neighborhood should consider the evaluation recommendations made by Humphrey Institute students in spring 1996.

The neighborhood should approach the government, corporations, and foundations for future funding. However, most funders are interested in innovation and are unlikely to provide support beyond the first year or two of a project. Therefore, it is difficult to secure long-term funding. One potential source of long-term funding is the United Way. SSCO should also look into making the program self-sustaining through contracts with participating businesses.

One promising source of funding is the Employment Intervention Program (EIP) of the Hennepin County Department of Training and Employment Assistance (TEA). "The primary purpose of EIP funds is to promote job creation activities. Funds may be used for participant wage subsidies, training, equipment/materials purchase and other activities which will result in

the placement of eligible persons in permanent jobs at a livable wage.” (Hennepin County TEA, p. 1)

The following funding priorities have been established:

- “1. Creating job opportunities for unemployed residents by retaining, expanding or developing businesses in distressed neighborhoods. Private sector employers are encouraged to create job opportunities through the application of customized training and wage subsidies (including subsidies for youth). Community based entities may propose to participate--but only in partnership with a private sector employer. Job opportunities created must demonstrate the potential to be sustained beyond the period of EIP funding.
2. Internships and apprenticeships to encourage school-to-work and welfare-to-work transitions. Internships and apprenticeships may be developed with both public and private sector employers and should result in eventual permanent employment opportunities for participants.” (p. 1)

According to Barb Agard of TEA, the selection committee is interested in funding programs in which businesses have a very prominent role. However, the program committee is going to meet at the end of July so someone from SSCO should call Barb Agard at the end of July or early August to find out if the focus of the program has changed. Program rules prohibit Agard from speaking to applicants about the program after the end of August.

Activities that are common to EIP programs include a mix of the following: “1) participant recruitment, 2) eligibility determination; 3) vocational assessment, 4) individual service strategy (i.e. participant training plan), 5) vocational counseling, 6) classroom occupational skills training, 7) customized training, 8) wage subsidies (on-the-job training, work experience), 9) job development, 10) job placement, 11) participant follow-up, 12) job creation activities, 13) participant recognition activities, 14) other (team leading skills, motivational training, etc.)” (Hennepin County TEA, p. 6)

Applicants must submit a proposal by the beginning of October. Hennepin County will enter into a Cost Reimbursement Contract with each successful applicant. In 1995, twelve proposals were funded with contract awards ranging from \$24,374 to \$71,103. SSCO can obtain more information about this program by calling Agard at 348-8884.

Stevens Square-Loring Heights should also consider pooling its resources with other inner-city neighborhoods for an employment and training program that serves the residents of all of these neighborhoods. Having a larger pool of resources would make it easier to match government and foundation grants. Efforts would also be more coordinated and competition between neighborhoods would be reduced. In addition, neighborhood organizational capacity would be greater.

## Summary of Recommendations

Above all else, the program must meet the needs of its business partners. If the program fails to do this, employers will not form or maintain partnerships and the program will fail. To ensure that the program does meet the needs of its business partners, LNB should involve its business partners in designing all components of the partnerships.

In addition, as the Plan focuses on low-income families and as low-income families are often headed by women, some attention should be focused on helping women specifically obtain livable wage jobs. SSCO should form a partnership with WomenVenture, a non-profit organization in the Twin Cities that is helping women find employment in non-traditional fields and assisting them in starting their own businesses. Project Newsprint, in particular, may be helpful to the program.

The program should include a transitional work experience to evaluate employees before placing them in a permanent position. SSCO should consider starting its own business, possibly in partnership with other neighborhoods, to provide this experience. In addition, LNB should work with MFIP and the SHAPE program to help AFDC recipients make the transition to work.

The organizations responsible for recruiting should distribute flyers at residences and businesses and hold job fairs. It is important to develop a personal relationship with individuals when recruiting.

Besides referring residents to the appropriate social service providers, LNB should consider teaching residents financial and life-management skills to help them become more self-sufficient. LNB should also provide residents with career counseling and should try to place residents in jobs in which they are interested. However, their primary consideration should be to meet the employment needs of the targeted firms. Therefore, LNB should inform residents what positions are available in the targeted businesses and steer residents to these positions. If none of the jobs available in these firms appeals to a resident, LNB should help that resident find a job that does. Career counseling should include developing an occupation strategy with each program participant and helping them pursue it. LNB should encourage its business partners to provide long-term support as this is less expensive for the program and more convenient for employees. However, if employers are unwilling to do this, LNB should provide this support. An alternative is to match program participants with "community co-sponsors" who could provide this support.

As stated earlier, LNB should involve its business partners in designing partnerships to help ensure that their needs are met. LNB should sell partnerships as a way to reduce labor costs and increase productivity as well as reduce employment paperwork if a temporary agency is used. However, LNB should also make it clear to its business partners that they may also have to make some extra efforts. LNB should also inform employers of the government programs that can help them form partnerships like the Minneapolis Enterprise Zone Incentive Grant Program and the Minnesota Job Skills Partnership. Finally, LNB should take advantage of Denny Donaldson's offer to promote partnerships to other employers.

LNB should target those employers within the targeted industries that offer better wages and benefits than the others. LNB may also want to focus on larger businesses as they tend to offer

better benefits than smaller businesses. LNB should also focus on forming partnerships with those targeted businesses that are located in or near the neighborhood to avoid the need for transportation or on bus routes to avoid the need for special transportation arrangements. In addition, LNB should focus on those targeted businesses that have indicated a need for customized training.

As residents are at various skill levels and employers have different skill needs, the program should provide opportunities for three types of training, including job readiness training, basic skills education, and vocational education and training. Training should be cost-effective. LNB should work with each partner to decide whether customized training or institutional training is more cost-effective. Training should be conducted in a group when possible as this creates a sense of camaraderie and increases the success of workers. LNB should also urge its business partners to establish mentorship programs.

Job readiness training should be provided by LNB. Adult basic skills education and GED programs should be provided by the Minneapolis Public Schools. SSCO should look into having residents trained in a list of skills developed by Twin Cities RISE! The program can provide vocational training through customized training with its business partners or through training programs at training institutions. For those residents needing training at a training institution, LNB can refer them to METP whose professional training counselors will match them with appropriate programs. Both MCTC and Dunwoody Institute offer programs relevant to the program. SSCO should also explore the possibility of setting up training programs for the various targeted industries. MCTC offers a workshop entitled Train the Trainer for Nursing Assistant Instructors which qualifies a Registered Nurse to provide nursing assistant training. SSCO should consider hiring a Registered Nurse, paying for him/her to attend this workshop, and then providing nursing assistant training. Nursing assistant and machinist programs are currently two of the most cost-effective types of training. Finally, LNB should assist residents in obtaining employment during training.

SSCO has decided to focus most of its efforts on placing residents in existing firms. However, SSCO should also take advantage of opportunities to retain and attract existing employers and to encourage the formation of new businesses in or near the neighborhood. LNB should work out a method of placement with each of its business partners. This method should screen individuals very carefully to improve the chances of an employee working out. The selection methods used in the NiCo programs are good models. LNB should have either METP or another organization serve as a temporary agency during a probationary period as this makes partnerships more attractive to employers. SSCO should investigate whether a non-profit organization or a collaboration of non-profit organizations could provide this service for less than METP can. SSCO should work with LNB to obtain funding for small loans if employees must wait a long time before being paid.

Reverse commuting only makes sense if residents can earn more working in the suburbs. While many good-paying jobs currently exist in the city, livable wage jobs are more numerous in the suburbs than in the city. In addition, wages in the suburbs are usually higher than those in the city. However, reverse commuting is only worthwhile if the wage differential is greater than the cost, in both transportation and time, of commuting to the suburbs. The wage differential should be greater than the transportation cost to both SSCO through the reverse commuting program and the residents through bus fares. SSCO should encourage MCTO and Southwest Metro Transit to

offer bus routes to particular employers that are not currently served. SSCO should also explore the possibility of collaborating with nearby neighborhoods on reverse commuting.

As stated earlier, SSCO should take advantage of opportunities to retain and attract existing employers and to encourage the formation of new businesses in or near the neighborhood. However, development is expensive, difficult, and time-consuming. The only place where industrial development might be possible in the neighborhood is on 4th Ave. The next closest sites are located in Whittier and Elliot Park. MCDA can assist the neighborhood in development activities. SSCO should encourage MCDA to clean up contaminated sites near the neighborhood. SSCO should also lobby MCDA to target companies that create livable wage jobs in or near the neighborhood. In addition, SSCO should avail itself of the many MCDA and state development programs. Nearby neighborhoods and non-profit organizations can also assist SSCO in local development.

It is important that the neighborhood consider how its employment and training program will be funded after its NRP funds dry up in five years. The neighborhood will be more successful in securing future funding for its program if it can demonstrate its effectiveness. The only way to do this is by systematically evaluating the program. The neighborhood should consider the evaluation recommendations made by Humphrey Institute students in spring 1996. SSCO should approach the government, corporations, and foundations for future funding. SSCO should also explore the possibility of making the program self-sufficient through contracts with its business partners. One promising source of funding is the Employment Intervention Program (EIP) of the Hennepin County Department of Training and Employment Assistance (TEA). Stevens Square-Loring Heights should also consider pooling its resources with other inner-city neighborhoods for an employment and training program that serves the residents of all of these neighborhoods.



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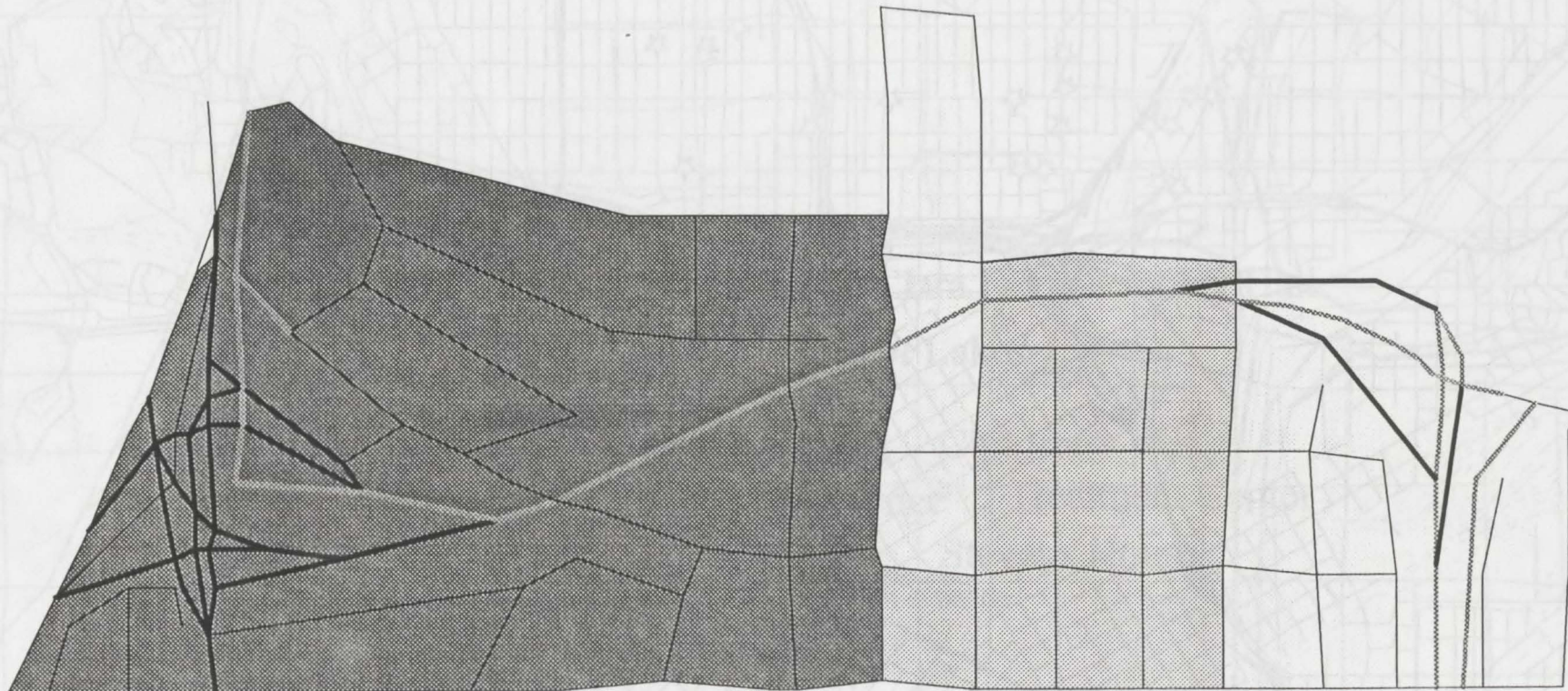
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# Median Household Income in Stevens Square-Loring Heights by Block Group



## Median Household Income

- |                |     |
|----------------|-----|
| 7326 to 8118   | (2) |
| 12933 to 13790 | (2) |
| 17495          | (1) |



Businesses in Zip Code Areas 55403, 55404 and 55405 Expressing Interest in Customized Training



Source: Minneapolis Community Development Agency Business Survey

## Local Health Care Providers

